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U.S. Probing Contra Inquiry Delay

Meese Action on Diversion of Funds May Also Be Examined

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The Justice Department's internal inspector has opened an inquiry into the department's decision to briefly halt an FBI probe into arms shipments to the Nicaraguan contras, informed sources said yesterday.

The inquiry by Michael Shaheen, head of the department's Office of Professional Responsibility, may also examine Attorney General Edwin Meese III's initial inquiry into the Reagan administration's diversion of money from arms sales to Iran to the contras, the sources said.

Shaheen, who acts as an independent inspector general and has the power to seek indictments, was prompted by a letter Friday from Sen. Joseph R. Biden Jr. (D-Del.), incoming chairman of the Senate Judiciary Committee. Biden asked Shaheen to examine "allegations of possible improper or unethical activities" in connection with the Federal Bureau of Investigation's 10-day delay of the contra probe in south Florida.

Sources have said that Associate Attorney General Stephen S. Trott asked FBI Director William H. Webster Oct. 30 to delay non-urgent aspects of the contra probe, citing delicate negotiations to free American hostages in the Middle East. The Justice Department has said the 10-day delay did not damage the investigation and was based on "legitimate national security concerns," but refused to elaborate.

The FBI probe is focusing on Southern Air Transport Inc., a former CIA-owned company that was used to ship arms to Iran and to the contras in Central America. The delay was ordered while the administration was

securing the release of one hostage and negotiating over several others, an effort that could have been jeopardized by disclosure of Southern Air's role in the then-secret arms shipments to Iran.

But the delay also raised questions about whether Meese and other department officials knew of the connection between the Iran arms sales and clandestine funding of the contras earlier than they have acknowledged. Department officials have strongly denied this.

Shaheen may also examine Meese's weekend fact-finding inquiry on the matter, which began four days before he publicly disclosed the allegations Nov. 25. Meese has been criticized for waiting several days before bringing in the FBI and for not disqualifying himself from the probe, despite his role in advising the White House on the arms shipments to Iran.

Justice Department spokesman Terry Eastland, while saying he had no information on the Shaheen probe, said yesterday that "the department's handling of this matter can withstand scrutiny. We have done the right job at every stage. In every step along the way, the attorney general has handled this appropriate to what the evidence is."

The FBI is continuing the Iran-contra investigation while waiting for a special three-judge court to name an independent counsel. Eleven Democrats on the House Judiciary Committee asked the court yesterday to broaden the counsel's mandate beyond that requested by Meese.

The letter says the counsel's charter should include all contra funding investigations and the Justice Department's handling of the allegations, according to a spokesman for Rep. John Conyers Jr. (D-Mich.).